

2.A OASDI: Benefit Computation & Automatic Adjustments

Table 2.A15.—Formulas for computing PIA¹ from creditable earnings after 1936

Act	Formula	Special provisions	Limited to—	Effective for—
	Formula applied to cumulative wages after 1936			
1935.....	1/2 of 1% of first \$3,000 of wages plus 1/12 of 1% of next \$42,000 of wages plus 1/24 of 1% of next \$84,000 of wages.	...	...	January 1942, but never applicable; superseded by new formula under 1939 Act.
	Formula applied to AMW based on earnings after 1936			
1939.....	40% of first \$50 of AMW plus 10% of next \$200 of AMW.	Sum increased by 1% for each increment year—year with at least \$200 of creditable wages—to obtain primary insurance benefit (PIB).	...	January 1940
1950.....	...	Number of increment years limited to 14 for years before 1951. Conversion table in the law, reflecting 1950 benefit increase, introduced for determining PIA from PIB.	...	September 1950
1960.....	...	...	Workers with at least 1 QC before 1951 and, if age 22 attained after 1950, with fewer than 6 QC after 1950.	Applications for benefits and recomputations filed after 1960.
1967.....	...	1967 simplified old-start formula: Total creditable wages for 1937-50 distributed over 9-14 years, with 14 increment years assumed.	Workers with at least 1 QC before 1951 who attained age 21 before 1937 or attained age 21 after 1950 but with fewer than 6 QC. ²	Applications for benefits and recomputations filed after Jan. 2, 1968.
1977.....	...	1977 simplified old-start formula: Total creditable wages for 1937-50 distributed over 1-14 years. Number of increment years equal to total 1937-50 wages, divided by \$1,650, with 4-14 increment years credited.	Workers with at least 1 QC before 1951 who either attained age 22 after 1936 and before 1950 or attained age 22 after 1950, but have fewer than 6 QC after 1950. ³	Workers first eligible after 1977.
1990.....	...	...	Applicability of pre-1977 formulas terminated. 1977 old-start formula expanded to apply to all workers with pre-1951 earnings.	Persons becoming newly entitled after May 1992.

¹Old-age benefit under 1935 Act and primary insurance benefit (PIB) under 1939 Act. Effective for September 1950, the PIB became an intermediate step in benefit computations based on creditable earnings after 1936; a conversion table was introduced into the law for determining the PIA from the PIB. Each time a benefit increase becomes effective (see table 2.A16 for benefit increases since 1950), a new conversion table incorporating the increase takes effect.

²Under this computation method, a period of disability that began before 1951 is not taken into account. Earlier provisions remained in effect for workers who

attained age 21 after 1936 and before 1951 or for whom consideration of a period of disability that began before 1951 resulted in a higher PIA.

³Under this computation method, a period of disability that began before 1951 is not taken into account. The 1967 simplified old-start method remained in effect for workers with first eligibility before 1978. The pre-1967 old-start formula remained in effect only for workers, irrespective of date of first eligibility, for whom consideration of a period of disability that began before 1951 resulted in a higher PIA.